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Senate approves Cassis tax cuts

Measures are key elements of Renew Michigan plan

LANSING - The Senate today approved legislation by state Sen. Nancy Cassis to lower business taxes and restrain the growth of government spending.

Cassis sponsored Senate Bills 633 and 634 - key elements of the Renew Michigan plan to cut business taxes by at least \$1 billion over the next six years, starting with a \$100 million reduction in 2006. It restrains government spending growth to the rate of inflation plus 1 percent and sets the stage for an additional \$1.4 billion in business-tax cuts and automatic deposits in the state's "rainy day fund."

"The national economy is growing and the national unemployment figures are falling, but in Michigan we are seeing the exact opposite," said Sen. Nancy Cassis, R-Novi who chairs the Senate Finance Committee. "This plan is just the first step in many changes we need to make to improve Michigan's business climate, but it's a tremendously important first step."

SB 633 changes the formula used to calculate the Single Business Tax from 90 percent sales, five percent payroll and five percent property to 100 percent sales starting in 2006.

"Currently, companies based in Michigan pay higher taxes than those based outside of it," Cassis said. "By basing SBT collections entirely on sales, this removes that disadvantage, giving more companies reasons to come to Michigan."

SB 634 reduces the SBT rate by 0.1 percent each year starting in 2007. The tax rate would fall from the current 1.9 percent to 1.8 percent in 2007 and 1.7 percent in 2008 until it is eliminated in 2025.

"This is not a shift and shaft, this is not some revenue-neutral scheme," Cassis said. "It's real, honest tax relief and a message to job providers that Michigan is open for business."

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